

Index Sheet

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April 16, 2013

Mr. Richard J. Bundy, President
Genesis Career Group Inc.
Genesis Career College - Cookeville Campus
880 A East 10th Street
Cookeville, TN 38501

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RE: **Final Program Review Determination**
OPE ID: 00865500
PRCN: 2012 4 07 28021

Dear Mr. Bundy:

The U.S. Department of Education's (Department's) School Participation Division – Kansas City issued a program review report on December 4, 2012 covering Genesis Career College's (GCC) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2011-2012 and 2012-2013 award years. GCC's response to the program review report was received on January 15, 2013. A copy of the program review report and GCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by GCC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to notify GCC of the Department's final determinations. Please note that this FPRD contains one or more findings regarding GCC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Because a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

Federal Student Aid

AN OFFICE of the U.S. DEPARTMENT of EDUCATION
School Participation Division – Kansas City
Kansas City School Participation Division

8930 Ward Parkway, Suite 2028, Kansas City, MO 64114-3392
www.FederalStudentAid.ed.gov

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in the attached copy of the program review report as Appendix A.

Record Retention:

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

The Department expresses its appreciation for the courtesy and cooperation extended during the review. GGC has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, GCC may consider the program review closed with no further action required.

If you have any questions please call Angela Beam at (816) 268-0534.

Sincerely, 

(b)(6)

Ralph Lobosco
Division Director

Enclosure:

Protection of Personally Identifiable Information

cc: Shana Frasier, Financial Aid Administrator
Tennessee State Board of Cosmetology
Tennessee Higher Education Commission
Council on Occupational Education

Prepared for
Genesis Career College

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OPE ID 00865500
PRCN 2012 4 07 28021

Prepared by:
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination

April 16, 2013

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OPE ID: 00865500
PRCN: 2012 4 07 28021
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A. Institutional Information

Genesis Career College-Cookeville Campus
880 A East 10th Street
Cookeville, TN 38501

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year (900-1799 hours)

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 121 (2012/13)

% of Students Receiving Title IV: 93.39% (2012/13)

Title IV Participation (PEPS):

	2010-2011
Federal Direct Loan (FDL)	\$2,297,941
Federal Pell Grant Program	\$1,621,755

Default Rate FFEL/DL:	2010 12.1%
	2009 7.3%
	2008 2.7%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Genesis Career College (GCC) from August 20, 2012 through August 24, 2012. The review was conducted by William R. Hudson and Christopher Thompson.

The focus of the review was to determine GCC's compliance with the statutes and Federal regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of GCC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, five files were selected based on R2T4 calculations from the 2011-2012 award year. A program review report was issued on January 4, 2013. Appendix A of the program review report listed the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning GCC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve GCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Finding 2

GCC has taken the corrective actions necessary to resolve Finding 2 of the program review report. Therefore, this finding may be considered closed. GCC's response to the Program Review Report resolving this issue can be found in Appendix B.

Findings with Comments

The following program review finding has been addressed by the institution, and may be considered closed. This finding is included solely for discussing resolution of the finding. GCC's response to the Program Review Report resolving this issue can be found in Appendix B.

Finding 1. Crime Awareness Requirements Not Met Failure to Accurately Disclose Crime Statistics: Burglary/Hate Crimes

Citation Summary:

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) requires that institutions receiving Title IV, HEA funds must publish and disseminate an annual security report disclosing campus security policies and three years of selected crime statistics for every location. 34 C.F.R. § 668.46. The annual security report must be distributed to all enrolled students and current employees by October 1 of each year. 34 C.F.R. § 668.41(e)(1). Among the policies that must be included in the annual security report are:

- (1) Policies for making timely warning to members of the campus community regarding the occurrence of those crimes required to be reported in the crime statistics section of the annual report. 34 C.F.R. § 668.46(b)(2)(i);*
- (2) Policies for preparing the annual disclosure of crime statistics. 34 C.F.R. § 668.46(b)(2)(ii);*
- (3) Policies addressing the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals. 34 C.F.R. § 668.46(b)(4)(i);*
- (4) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others. 34 C.F.R. § 668.46(b)(5);*
- (5) A description of programs designed to inform students and employees about the prevention of crimes. 34 C.F.R. § 668.46(b)(6);*
- (6) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws. 34 C.F.R. § 668.46(b)(8);*

- (7) *A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws. 34 C.F.R. § 668.46(b)(9);*
- (8) *A description of any drug or alcohol-abuse education programs. 34 C.F.R. § 668.46(b)(10);*
- (9) *A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses. 34 C.F.R. § 668.46(b)(11)(i);*
- (10) *Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available. 34 C.F.R. § 668.46(b)(11)(v);*
- (11) *Procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that:*
 - (A) *The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and*
 - (B) *Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense. 34 C.F.R. § 668.46(b)(11)(vi);*
- (12) *Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses. 34 C.F.R. § 668.46(b)(11)(vii);*
- (13) *A statement advising the campus community where law enforcement agency information concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address. 34 C.F.R. § 668.46(b)(12); and*
- (14) *An institution must report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the listed crimes that are reported to local police agencies or to a campus security authority. 34 C.F.R. § 668.46(c)(1).*

When compiling the campus security report an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of specific types of crimes that are reported to local police agencies or to a campus security authority. An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. The institution must also, among other factors, provide a geographic breakdown of the crime statistics according to the following categories: (1) On campus; (2) in or on a non-campus building or property; (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime. 34 C.F.R. § 668.46

Noncompliance Summary:

GCC security policies as disclosed in its annual campus security report did not include the following elements:

- 1. Separate categories for Burglary and Larceny in its Crime Reporting; and*
- 2. Hate Crime Reporting Categories of Larceny-theft, Simple Assault, Intimidation and Destruction-Damage or Vandalism of Property listed.*

Required Action Summary:

GCC corrected this oversight while the program review team was still onsite. GCC provided updated Crime Reporting information and proof it had disseminated to its students and faculty. GCC was required to provide it's assurance that it will provide the corrected information to the required parties in the future in the response to the Program Review Report.

GCC's Response:

GCC conceded that its 2011 ASR did not contain accurate, complete, and properly-formatted campus crime statistics grids for calendar years 2008, 2009, and 2010. As part of the required corrective actions, the College began to revise its 2011 ASR while the review team was still on-site. Once GCC completed its revisions, a copy of the modified ASR was submitted to the review team for evaluation. GCC also asserted that it has taken all necessary corrective action to ensure that this violation will not recur.

Final Determination:

Finding # 1 of the program review report cited GCC for failing to present its campus crime statistical grids in the prescribed manner; however, the review team was not able to determine if this exception actually resulted in any specific disclosure error in the College's campus crime statistics. As a result of this violation, the College was required to review its ASR to identify and correct all errors and omissions. In its response, GCC concurred with the finding and explained the corrective actions that were initiated during the site visit as well as those that were taken between the conclusion of the site visit and the submission of its response. The review team examined the revised 2011 report and determined that it did include the previously-omitted and inadequate material, including revised statistical fields for all Clery-reportable criminal offenses and hate crimes (broken down by geographical category). The presentation of the material was determined to be at least minimally adequate; however, the Department notes that the response does not indicate whether or not the revised 2011 ASR was distributed to current students and employees. GCC must ensure that all future ASRs are distributed in accordance with *Clery Act* requirements. Based on the College's actions and representations, the Department accepts the College's response and considers this finding to be closed.

Although the finding is now closed, GCC is reminded that the exception identified above constitutes a violation of the *Clery Act* that by its nature cannot be cured. GCC was required to initiate corrective actions and in so doing, has begun to remediate the conditions that led to this violation. The College has stated that it has brought its campus security program into compliance with the *Clery Act* as required by its PPA. Nevertheless, GCC officials must understand that any failure to prepare an accurate and complete ASR deprives students and employees of important campus security information. For this reason, GCC is advised that such corrective measures cannot and do not diminish the seriousness of this violation nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or other corrective measures.

Finally, the Department strongly recommends that the College re-examine its policies and procedures on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are *Clery Act*-compliant. As part of this periodic review process, the review team also recommends that GCC officials review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the *Clery Act*. The handbook is available online at:

www2.ed.gov/admins/lead/safety/handbook.pdf. Please also note that the Department's regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.41, 668.46, and 668.49.

Finally, institutional officials are reminded to review the accuracy and completeness of its Drug and Alcohol Abuse Prevention Program (DAAPP) as required by the Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations. FSA is now responsible for monitoring compliance with the DFSCA. Therefore, it is essential that the College makes sure that it has developed and implemented a comprehensive DAAPP and that it conducts substantive biennial reviews and completes its biennial review reports on the proper schedule. For assistance or more information on the *Clery Act* and/or the DFSCA, please contact your program review team or another member of the Kansas City School Participation Division.

Genesis Career College-Cookeville Campus

OPE ID: 00865500

PRCN: 2012 4 07 28021

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Final Program Review Determination

Appendix A.

Program Review Report

Prepared for
Genesis Career College

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**OPE ID 00865500
PRCN 2012 4 07 28021**

**Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-Kansas City**

Program Review Report

January 4, 2013

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Genesis Career College-Cookesville Campus

OPE ID 00865500

PRCN Number 2012 4 07 28021

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A. Institutional Information

Genesis Career College-Cookesville Campus

880 A East 10th Street

Cookesville, TN 38501

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year (900-1799 hours)

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 121 (2012/13)

% of Students Receiving Title IV: 93.39% (2012/13)

Title IV Participation PEPs:

2010-2011

Federal Direct Loan (FDL)	\$2,297,941
Federal Pell Grant Program	\$1,621,755

Default Rate FFEL/DL:	2010 12.1%
	2009 7.3%
	2008 2.7%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Genesis Career College (GCC) from August 20, 2012 through August 24, 2012. The review was conducted by William R. Hudson and Christopher Thompson.

The focus of the review was to determine GCC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of GCC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011/2012 and 2012/2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, five files were selected based on R2T4 calculations from the 2011/2012 award year. Appendix A lists the names and partial social security numbers of the students whose files were examined for the student sample during the program review and Appendix B contains the students in the R2T4 review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning GCC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve GCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by GCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding #1 Crime Awareness Requirements Not Met Failure to Accurately Disclose Crime Statistics: Burglary/Hate Crimes

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) requires that institutions receiving Title IV, HEA funds must publish and disseminate an annual security report disclosing campus security policies and three years of selected crime statistics for every location. 34 C.F.R. § 668.46. The annual security report must be distributed to all enrolled students and current employees by October 1 of each year. 34 C.F.R. § 668.41(e)(1). Among the policies that must be included in the annual security report are:

- (1) Policies for making timely warning to members of the campus community regarding the occurrence of those crimes required to be reported in the crime statistics section of the annual report. 34 C.F.R. § 668.46(b)(2)(i);
- (2) Policies for preparing the annual disclosure of crime statistics. 34 C.F.R. § 668.46(b)(2)(ii);
- (3) Policies addressing the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals. 34 C.F.R. § 668.46(b)(4)(i);
- (4) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others. 34 C.F.R. § 668.46(b)(5);
- (5) A description of programs designed to inform students and employees about the prevention of crimes. 34 C.F.R. § 668.46(b)(6);
- (6) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws. 34 C.F.R. § 668.46(b)(8);
- (7) A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws. 34 C.F.R. § 668.46(b)(9);
- (8) A description of any drug or alcohol-abuse education programs. 34 C.F.R. § 668.46(b)(10);
- (9) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses. 34 C.F.R. § 668.46(b)(11)(i);
- (10) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes,

- if those changes are requested by the victim and are reasonably available. 34 C.F.R. § 668.46(b)(11)(v);
- (11) Procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that:
 - (A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and
 - (B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense. 34 C.F.R. § 668.46(b)(11)(vi);
 - (12) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses. 34 C.F.R. § 668.46(b)(11)(vii);
 - (13) A statement advising the campus community where law enforcement agency information concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address. 34 C.F.R. § 668.46(b)(12); and
 - (14) An institution must report statistics for the three most recent calendar years concerning the occurrence on campus, in or on noncampus buildings or property, and on public property of the listed crimes that are reported to local police agencies or to a campus security authority. 34 C.F.R. § 668.46(c)(1).

When compiling the campus security report an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on noncampus buildings or property, and on public property of specific types of crimes that are reported to local police agencies or to a campus security authority. An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. The institution must also, among other factors, provide a geographic breakdown of the crime statistics according to the following categories: (1) On campus; (2) in or on a non-campus building or property; (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime. 34 C.F.R. § 668.46

Noncompliance: GCC security policies as disclosed in its annual campus security report did not include the following elements:

1. Separate categories for Burglary and Larceny in its Crime Reporting
2. Hate Crime Reporting Categories of Larceny-theft, Simple Assault, Intimidation and Destruction-Damage or Vandalism of Property listed

Required Action: GCC corrected this oversight while the program review team was still onsite. GCC provided updated Crime Reporting information and proof it had disseminated to its students and faculty. GCC must provide it's assurance that it will provide the corrected information to the required parties in the future in the response to the Program Review Report.

Finding 2. Failure to Identify Federal Funds

Citation: Federal regulations require that an institution maintain Title IV, HEA program funds in a bank or investment account that is Federally insured or secured by collateral of value reasonably equivalent to the amount of those funds. For each bank or investment account that includes Title IV, HEA program funds, an institution must clearly identify that Title IV, HEA program funds are maintained in that account by either (a) including in the name of each account the phrase "Federal Funds" or (b) notifying the bank or investment company of the accounts that contain Title IV, HEA program funds and retaining a record of that notice. 34 C.F.R. § 668.163(a)

An institution has a fiduciary responsibility to segregate Federal funds from all other funds and to ensure that Federal funds are used only for the benefit of eligible students. Absent a separate bank account, the institution must ensure that its accounting records clearly reflect that it segregates Title IV, HEA funds. Under no circumstances may the institution use Title IV, HEA funds for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of Title IV, HEA funds or subjects Title IV, HEA funds to liens or other attachments.

If a school does not maintain a separate account for Title IV, HEA program funds, its accounting and internal control systems must:

- identify the balance for each Title IV, HEA program that is included in the school's bank or investment account as readily as if those funds were in a separate account; and
- identify earnings on Title IV, HEA program funds in the school's bank or investment account. *2010-2011 & 2011-2012 Federal Student Aid Handbook, Volume 4, Chapter 2*

Noncompliance: Jefferson does not maintain a separate bank account to hold Title IV, HEA funds. Title IV, HEA disbursements are deposited into the institution's general operating account. The bank account used by Jefferson does not include the phrase "Federal Funds" in the name of the account, nor does Jefferson maintain with its bank a notice identifying the funds in the account as "Federal Funds". As of the program review, the bank account was entitled, "General Account".

Required Action: GCC corrected this oversight while the program review team was still onsite. GCC provided the reviewers with confirmation that the word Federal was not included in their bank account through which Title IV funds flow. There is no further action required on this finding.

Genesis Career College-Cookesville Campus

OPE ID 00865500

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E. Appendices

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Final Program Review Determination

Appendix B.

Genesis Career College's Response to the Program Review Report



January 11, 2013

U.S. Department of Education
Office of Federal Student Aid
Kansas City School Participation Team
Attn: Mr. William Hudson
8930 Ward Parkway, Suite 2028
Kansas City, MO 64114-3302

RECEIVED
JAN 15 2013
FSA, KANSAS CITY

Re: Program Review Report
OPE ID: 00865500
PRCN: 2012 4 07 28021

Dear Mr. Hudson,

Please find the enclosed institutional response to the Program Review Report dated January 4, 2013. The Genesis team would like to express our gratitude for the courtesy extended by you and Mr. Thompson during the review.

I am confident we have responded as appropriate. Please feel free to contact me anytime if we have omitted any information that may be helpful or should you have further questions.

Sincerely,

Rick Bundy
President



Institutional Response
Program Review Report PRCN: 2012 4 07 28021
Genesis Career College: OPEID 00865500

Finding 1: Crime Awareness Requirements Not Met
Failure to Accurately Disclose Crime Statistics: Burglary/Hate Crimes

Noncompliance: GCC security policies as disclosed in its annual campus security report did include the following elements:

- 1) Separate categories for burglary and larceny in its crime reporting
- 2) Hate crime reporting categories of larceny-theft, simple assault, intimidation and destruction-damage or vandalism of property listed.

Required Action: GCC corrected this oversight while the program review team was still onsite. GCC provided updated Crime Reporting information and proof it had disseminated to its students and faculty. GCC must provide it's assurance that it will provide the corrected information to the required parties in the future in the response to the Program Review Report.

Institutional Response: The institution concurs with the finding of crime awareness requirements not met and assures it will provide the most updated correct information to the required parties in the future.

Finding 2: Failure to Identify Federal Funds

Noncompliance: The bank account used by Genesis does not include the phrase "Federal Funds" in the name of the account.

Required Action: GCC corrected this oversight while the program review team was still onsite. GCC provided the reviewers with confirmation that the word Federal was now included in their bank account through which Title IV fund flow. There is no further action required on this finding.

Institutional Response: The institution was able to change the name of the bank accounts in order to comply with Title IV regulation. No further action is required as consistent with the Program Review Report.